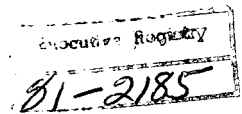


The Director of Central Intelligence

Washington, D.C. 20505




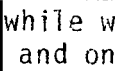
2 September 1981

STAT



This is a long overdue letter to apologize for not having made a decision about the matter we've been discussing, and to bring you up to date on the state of the matter. We talked about the Soviet spot, an economic spot and a general troubleshooting spot. Events have to some degree passed all this by.

We no longer have an Office of Economic Research. In working further on the organization of this institution it became apparent to me and to John McMahon, who I brought over from the Operational Directorate to be in charge of the Analytical Directorate, that the functional organization which had prevailed here for the entire life of the institution is fundamentally wrong for a number of reasons. Not to go into all of them, I will just say that the rest of the government is organized on a geographic basis. Most of the problems come up on a country basis. More basically, replacing the functional chiefs, political, economic, strategic, etc. with chiefs for the Mid-East, Soviet Union, etc. dramatically reduces the coordination and pulling and hauling between these various barons. Every time we have an issue to deal with, the political, economic and military staffers would put it together and then each of their chiefs would have to sign off. The super chief would have to referee disputes that this process developed. Now, within the Soviet branch division the economic, political and military guys put it together and fight it out at the working level and there is one chief who resolves differences and sends it forward. Why it took thirty years to figure this out I'll never know.

The reorganization also has pointed up some deficiencies in this organization. For example, it turns out that we had nobody working the politics of  while we've had a pretty good sized effort working the economics of  and on and on. In any event, the economics have been distributed among the geographic division and we also have a division called Global Issues which deals with trade, environmental, Law of the Sea, and such sweeping issues that cut across geographic lines.

STAT

You didn't want the Soviet assignment and I've not been able to figure out how to overcome the problem of title and competition with people steeped in Agency structures, procedures, etc. in a general troubleshooting spot.

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So, I feel that I've kept you out on a limb far too long already and I've got to tell you that I've come to doubt that I will work out anything for which I'd want you to give up what you have.

With best regards.

Yours,

A handwritten signature in dark ink, appearing to read 'W. Casey', written in a cursive style.

William J. Casey